

Annual Report 2009



**PARKING
OF BALTIMORE CITY
AUTHORITY**

Working Toward a
Better Future



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Make Baltimore a Safer City

Make Baltimore a Cleaner, Greener
& More Sustainable City

Build Strong, Healthy & Educated Families

Strengthen Baltimore's Economy & Promote
Cultural Opportunities for All Its Residents

Create Stable, Vibrant, Livable
Neighborhoods

Make Baltimore's Government More
Innovative, Efficient, and Customer Friendly

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“The Parking Authority’s programs are helping make progress in Baltimore.”

- Sheila Dixon, Mayor



LETTER FROM THE MAYOR

Sheila Dixon

The current economy has challenged all of us in government, in business, and in our personal lives to do more with less. Although Baltimore has made remarkable progress over the past few years, we will continue to make tax dollars work harder to meet our goals.

Every dollar spent moves Baltimore in the direction we want to go. The City is currently implementing a new budgeting system that requires each agency to prove their programs will meet the following objectives.

- 1. Make Baltimore a Safer City:** The Parking Authority recently completed a structural survey of each parking garage to ensure its safety and stability. It has also installed security cameras in City-owned garages.
- 2. Make Baltimore a Cleaner, Greener & More Sustainable City:** The Parking Authority has replaced some metered parking spaces with free on-street bicycle parking.
- 3. Build Strong, Healthy & Educated Families:** By managing 41 Residential Permit Parking areas, the Parking Authority is making a positive contribution to the quality of life for thousands of Baltimore families.
- 4. Strengthen Baltimore's Economy & Promote Cultural Opportunities for all its Residents:** By continuing to expand its EZ Park multi-space parking meter program, the Parking Authority has created more opportunities for business patrons to park at curbside spaces, which helps strengthen our local economy.
- 5. Create Stable, Vibrant, and Livable Neighborhoods:** The Parking Authority is responsible for collecting over \$30 million in revenue for the City each year.
- 6. Make Baltimore's Government More Innovative, Efficient and Customer Friendly:** The Parking Authority, through the use of existing technology, has decreased the time it takes to process an application for a reserved residential handicap parking space by 94%.

By dedicating itself to Baltimore's overall objectives, the Parking Authority's mission of finding, creating and implementing parking solutions is driving the City towards a better future. This year's annual report is dedicated to illustrating how the Parking Authority's programs are helping make progress in Baltimore.

Sincerely,

A handwritten signature in black ink that reads "Sheila Dixon". The script is fluid and cursive, with a large initial 'S'.

Sheila Dixon



BOARD MEMBERS

Top Left:
Bernard C. "Jack" Young
*Baltimore City Council,
12th District*

Top Right:
Pierce J. Flanigan IV
*President & CEO,
P. Flanigan & Sons*

Bottom Left:
Edward Gallagher
*Director of Finance,
City of Baltimore*

Bottom Right:
Patricia McGowan
Partner, Venable, LLP

Not Pictured:
James Fields
Principal, Jones & Associates, P.C.

The Parking Authority of Baltimore City's mission of finding, or creating, and implementing parking solutions as well as being the "authority" on all things parking in Baltimore easily compliments the overarching objectives of Baltimore City as a whole. Since parking affects so many facets of our lives, the Parking Authority's programs have direct effects on Baltimore's vitality, livability and sustainability.

With twenty-eight team members managing 8,932 off-street parking spaces, 1,476 residential reserved handicap parking spaces, 713 multi-space parking meters, and nearly 40,000 Residential Parking Permits, while collecting \$30 million in revenue this year, the Parking Authority is a good example of an efficient and effective use of City resources.

“By dedicating itself to Baltimore’s overall objectives, the Parking Authority’s mission of finding, creating and implementing parking solutions is driving the City towards a better future.”

- Sheila Dixon, Mayor

MAYORAL OBJECTIVES



Make Baltimore A SAFER CITY

3,407

Number of lighting
fixtures to be replaced
with brighter, more
energy-efficient bulbs

27,456

Number of hours
of security in PABC
garages per year

196

Number of security cameras



Facility Improvements Increase Safety

At the Parking Authority, we are dedicated to providing a safe environment in each of our garages. That means brightly lit facilities, elevators in good working condition, an increased number of security cameras and, when necessary, police and non-police security patrols of garages. Converting garage operations to automated payment systems has allowed garage staff, once stuck in cashiers' booths, to patrol garages for security issues and to assist customers.





Make Baltimore A CLEANER, GREENER & MORE SUSTAINABLE CITY

248,339

Number of paper tickets saved per year by using chip coin technology

70

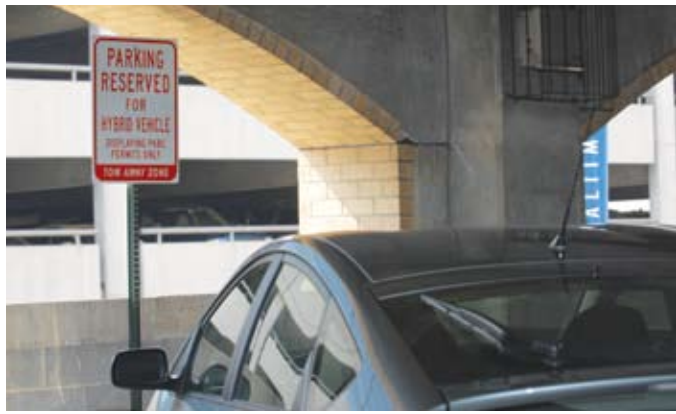
Number of Hybrid Parking Program members

4

Number of Carpool Program members

214

Number of bicycles that can park in PABC garages, at converted single space parking meter poles or formerly metered on-street areas



Parking Authority bringing car sharing to Baltimore

To make Baltimore a cleaner, greener & more sustainable city, we have to drive less. With walkable neighborhoods, 42 miles of on-street bike lanes and increasing transit options, Baltimore residents have the ability to choose the best form of transportation for each trip instead of relying on a car to take them everywhere. The Parking Authority is bringing a car sharing organization to Baltimore to help residents reduce the number of cars they own by providing vehicles available for rent by the hour. This will help reduce parking demand, and parking problems, in many neighborhoods. Commuters can take transit, bicycle or walk to work even on days when they have to drive to a meeting or an appointment during the day by reserving a car sharing vehicle. This car sharing program is expected to launch by Spring of 2010.

Charm City Circulator

Another way to get around without a car is to hop on the Charm City Circulator. The Parking Authority has supported this idea from the beginning. With over 50 parking facilities located within 2 blocks of circulator stops, you can park once and get to all your destinations downtown in a sleek, quiet hybrid bus. With ten minute headways and three routes running from Penn Station to Federal Hill; University of Maryland BioPark to Fells Point; and City Hall to Johns Hopkins Medical Campus, getting around downtown will be convenient, green, and, best of all, FREE!

Hybrid Vehicle Parking and Carpooling Programs

Participation in these two Parking Authority programs, designed to help clean up our environment, has grown in the past year. The Hybrid Vehicle Parking program promotes the purchase and use of hybrid vehicles, which produce far fewer environmentally harmful emissions than regular vehicles. Owners of qualifying hybrid vehicles receive discounted monthly contract parking and a reserved parking area. Participants in the carpooling program receive introductory discounted rates and a reserved parking area as well.

Residential Reserved Handicap Parking Program helps disabled residents maintain high quality of life, and remain connected to the community.

For residents who are severely and permanently mobility restricted, a reserved on-street parking space near their home can be the key to accessing community resources that are integral to their quality of life. With no garage, parking pad or driveway, these qualified residents would be trapped in their homes. For residents who participate in this program, a reserved parking space for them or their caregivers means they can go to doctor's appointments, school, work or to visit family members.





Strengthen Baltimore's Economy & **PROMOTE CULTURAL OPPORTUNITIES FOR ALL ITS RESIDENTS**

713

Active EZ Park Meters

700

Increase in parking
spaces available due
to EZ Park Meters

**\$50,000-
\$100,000**

Annual revenue lost to
retailers when a metered
parking space near their
business is taken by an all-
day parker and not available
to retail patrons

8,932

Number of parking spaces
in City-owned garages

Return on investment for the City

Every time you pay for parking at a meter, park in a City-owned garage, or purchase a residential parking permit, you are helping to pay Baltimore City police officers, firefighters and teachers. This helps reduce the pressure on tax paying residents and businesses and keeps more of your hard earned money in your pocket.

The Parking Authority is responsible for overseeing the management of 8,932 parking spaces in seventeen City-owned garages that are an important part of Baltimore's economic and cultural vitality. These facilities are easy to use, clean, well-lit and secure. The garages are important to Baltimore City businesses because they provide essential parking to the employees and patrons of those businesses. The garages are also an important resource to non-profit organizations and federal, state, and local government offices in the City. These facilities are at or near many museums, the Hippodrome, the First Mariner Arena, Oriole Park, Ravens Stadium, the Inner Harbor, Harbor East, Federal Hill, Little Italy, Fells Point and more - supporting many of Baltimore's most loved cultural and entertainment attractions and neighborhoods.



Residential Permit Parking (RPP) Programs Improve the Quality of Life for Residents

Many of Baltimore’s residential neighborhoods share their borders with successful universities, hospitals and bustling retail districts. This can be good for a neighborhood’s vitality, but can bring more cars than the neighborhood residential streets can accommodate. Without off-street options, these residents often compete with non-residents for parking spaces. Permit holders in one of the 41 RPP areas are exempted from parking duration restrictions posted on their neighborhood streets. Less time searching for a parking space makes City living more enjoyable and improves residents’ quality of life, while allowing visitors to park for short amounts of time.





Make Baltimore's
Government more

**INNOVATIVE,
EFFICIENT,
& CUSTOMER
FRIENDLY**

94%

Reduction in the number of days it takes to process a Residential Reserved Handicap Parking Permit application

\$8.8 million

Increased annual revenues from facilities since the PABC was formed (from \$12.4 million in FY2001 to \$21.2 million in FY2009), an increase of over 70%

\$3.3 million

Annual increase in revenues from parking meters due to EZ Park Meter program

Improved Efficiency in Processing Reserved Handicap Parking Applications

It used to take 6-18 months from the time an application for a residential reserved handicap parking space was received and signs were installed. Now, it takes under 30 days. Using existing technology, this improvement has added value and dramatically improved service without any additional costs.



Customer friendly features of EZ Park Meters

EZ Park Meters make it easier to park by accepting credit and debit cards as well as coins. By removing individual parking meters, these multi-space meters do more with less by allowing more vehicles to park on each block. This increases the parking inventory by 10-15%, depending on the block and allows approximately 700 more cars to park at Baltimore's metered spaces.

Efficiencies of EZ Park Meters

EZ Park Meters are more than just more convenient for parkers. They send wireless alerts regarding maintenance issues so problems can be addressed quickly, they track cash revenue for more efficient collections, and provide a plethora parking data that can be analyzed to better manage parking.

FINANCIAL STATEMENTS

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Independent Auditors' Report

To the Board of Directors of
Baltimore City Parking Authority, Inc.

We have audited the accompanying financial statements of the governmental activities and fund information of the Baltimore City Parking Authority, Inc. (Authority) as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Authority as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion, analysis and budgetary comparison information on Pages 20 through 23 and 28 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



ELLIN & TUCKER, CHARTERED

Certified Public Accountants

Baltimore, Maryland

December 8, 2009

Baltimore City Parking Authority, Inc.

Management's Discussion and Analysis

Overview of the Financial Statements

The Authority's basic financial statements consist of the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. Notes to Financial Statements follow the presentation of the basic financial statements. The report also contains other required supplementary information, primarily a Budgetary Comparison Schedule.

The Governmental Fund Balance Sheet/Statement of Net Assets is presented in reconciliation format and shows the difference between the assets and liabilities of the Authority as reported using the current financial resources measurement focus and the modified accrual basis of accounting (Balance Sheet) and assets and liabilities as reported using the total economic resources measurement focus and the accrual basis of accounting (Statement of Net Assets). For the Authority, the difference related primarily to capital assets which are reflected as assets on the Statement of Net Assets but are excluded from general fund assets.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities is also presented in reconciliation format and shows the differences between revenues and expenditures as reported using the current financial resources measurement focus and the modified accrual basis of accounting (Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance) and revenues and expenses as reported using the total economic resources measurement focus and the accrual basis of accounting (Statement of Activities). The primary differences relate to the treatment of capital asset purchases. For governmental fund accounting purposes, all cash payments for capital asset acquisitions are reflected as expenditures and deducted from revenues in calculating the net fund activity for the year. Under accounting principles generally accepted in the United States of America, capital asset acquisitions are not reflected in the Statement of Activities as a deduction from revenues but are reflected as increases to assets or reductions of liabilities.

Generally, fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources segregated by specific activities or objectives. The Authority's financial activity is classified into one fund—the general fund. The general fund accounts for capital asset acquisitions as expenditures when acquired, rather than as capital assets as a result of the use of the current financial resources measurement focus in accordance with generally accepted accounting principles.

The Notes to the Financial Statements provide additional information needed for a full understanding of the basic financial statements.

Required supplementary information consists of a comparison of actual financial activity to budgeted amounts to demonstrate compliance with the budget.

Analysis of Net Assets and Changes in Net Assets

The following is a comparison summary of the Authority's net assets and changes in net assets for the years ended June 30, 2009 and 2008.

	2009	2008
Assets:		
Current and Other Assets	\$ 340,421	\$ 309,680
Capital Assets	170,162	213,808
Total Assets	<u>\$ 510,583</u>	<u>\$ 523,488</u>
Liabilities:		
Current Liabilities	<u>\$ 318,291</u>	<u>\$ 404,727</u>
Net Assets:		
Invested in Capital Assets	\$ 170,162	\$ 213,808
Unrestricted	22,130	(95,047)
Total Net Assets	<u>\$ 192,292</u>	<u>\$ 118,761</u>
Changes in Net Assets:		
Program Revenues:		
Baltimore City Grant	\$ 3,480,382	\$ 2,768,193
Other	3,005	8,713
Total Revenues	<u>3,483,387</u>	<u>2,776,906</u>
Expenses:		
Salaries and Benefits	1,802,503	1,658,695
Professional Fees	524,899	413,839
Bank and Armored Car Fees	582,252	416,201
Rent and Utilities	105,909	72,246
Depreciation	52,234	67,688
Maintenance and Supplies	110,534	46,961
Other Operating Expenses	231,525	194,680
Total Expenses	<u>3,409,856</u>	<u>2,870,310</u>
Increase (Decrease) in Net Assets	73,531	(93,404)
Net Assets - Beginning of Year	<u>118,761</u>	<u>212,165</u>
Net Assets - End of Year	<u>\$ 192,292</u>	<u>\$ 118,761</u>

For the year ended June 30, 2009, the Authority received substantially all of its funding from an annual grant from the City of Baltimore. The purpose of the grant was to finance the administration of the City's parking operations through the Authority and cover all of the Authority's personnel costs, capital asset requirements, and other operating costs. The grant for the year ended June 30, 2009 was \$3,480,382, including an additional appropriation of \$320,000 to reimburse the Authority for additional meter program and administrative expenses. Operating expenses for the year ended June 30, 2009 totaled \$3,409,856 resulting in an increase in net assets of approximately \$74,000. Total operating expenses increased approximately \$540,000 during the year ended June 30, 2009 as compared to the year ended June 30, 2008. The increase was due primarily to higher salaries and benefits, bank and armored car service fees, and maintenance and supplies. Salary and benefit expenses increased due to general salary increases and the addition of two new employees. The bank and armored car service fees related to the increase in collection of revenue and credit card fees from the Multi-Space Meter Program due to an increase in meter usage and additional meters installed. The increase in maintenance and supplies also relates to the increase in meter usage and additional meters installed.

During the year ended June 30, 2009, the Authority purchased computer equipment, software, and furniture and fixtures of approximately \$12,000. At June 30, 2009, the Authority had liabilities totaling \$318,291. These liabilities are expected to be funded through existing cash balances and collection of accounts receivable.

Budget Analysis

The Budgetary Comparison Schedule for the fiscal year ended June 30, 2009 (2009) is presented on Page 28. The most significant budget variations included salaries and benefits, consultants, bank and armored car service fees, and equipment acquisitions.

Salaries and benefits, which include base salaries, benefits, and health insurance costs, were approximately \$89,000 less than expected. The 2009 budget included approximately \$90,000 to pay for accumulated health costs from fiscal year 2008 that were accrued in the financial statement expense in fiscal year 2008. The Authority budgeted for the amount in fiscal year 2009 since Baltimore City had not billed the Authority in fiscal year 2008.

Consultant fees and bank and armored car service fees were \$39,507 and \$117,548, respectively, less than expected as the Authority budgeted to implement a real-time credit card processing system. The new credit card processing system was not implemented during the year. The system is expected to be implemented in fiscal year 2010 and has been budgeted in fiscal year 2010 as well.

Equipment acquisitions were approximately \$38,000 less than expected. The Authority budgeted for additional furniture for the expansion of office space. The Authority purchased used furniture at significantly reduced prices.

The most significant variance between the original and final budget was bank and armored car service fees. During the fiscal year ended June 30, 2009, the Authority installed additional meters in excess of the original budgeted amounts.



Fiscal Year Ending June 30, 2010

The budget for the fiscal year ending June 30, 2010 (2010) has been submitted to the Baltimore City Board of Estimates in the amount of \$3,376,521, which represents a decrease in the funding level compared to the fiscal year ended June 30, 2009 of approximately \$97,000. The net decrease in funding level is due to various reasons; the most significant of which is a decrease in funding of \$260,000 for the Meter Administrative Program, which is offset by new funding in the amount of \$206,000 for implementation of a Valet Regulation Program.

During 2010, the Authority anticipates it will continue to expand the EZ Park multi-space meter program as funding allows. There will be over 700 multi-space meters in operation during 2010. The Authority will focus on managing the meters to ensure that the program is effectively managing meter parking in the respective areas. Although there is a decrease in the 2010 funding for the multi-space meter program, the Authority anticipates that the City will release additional funds in January 2010.

The Authority acknowledges that valet parking is vital to the City's residents and businesses. The City has seen significant growth in the availability of valet parking in recent years; however, this growth has caused concerns for the residents and businesses of the City. The Valet Regulation Program will regulate valet parking services to address these concerns. The program will require valet parking operators to obtain a license, establish certain standards of operations, and regulate compliance with these standards.

The Authority anticipates the completion of an accounting software upgrade during 2010. The software is expected to help the Authority manage both the administrative and operations more efficiently and better serve the citizens of the City of Baltimore.

The management team of the Authority is committed to introducing new technology and other methods to increase revenues for the City and providing outstanding customer service to all City patrons.

Governmental Fund Balance Sheet/Statement of Net Assets

June 30, 2009

	General Fund	Adjustments (Note 4)	Statement of Net Assets
Assets:			
Cash and Cash Equivalents	\$ 340,421	\$ -	\$ 340,421
Capital Assets, Net (Note 2)	-	170,162	170,162
Total Assets	<u>\$ 340,421</u>	<u>\$ 170,162</u>	<u>\$ 510,583</u>
Liabilities:			
Accounts Payable	\$ 128,496	\$ -	\$ 128,496
Accrued Expenses	189,795	-	189,795
Total Liabilities	318,291	-	318,291
Commitments (Note 3)			
Fund Balances:			
General Fund Balance (Deficit)	22,130	(22,130)	-
Total Liabilities and Fund Balances	<u>\$ 340,421</u>		
Net Assets:			
Invested in Capital Assets		170,162	170,162
Unrestricted		22,130	22,130
Total Net Assets		192,292	192,292
Total Liabilities and Net Assets		<u>\$ 170,162</u>	<u>\$ 510,583</u>

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities For the Year Ended June 30, 2009

	General Fund	Adjustments (Note 4)	Statement of Activities
Expenditures/Expenses:			
Administration of Parking Facilities	\$ 3,357,622	\$ -	\$ 3,357,622
Capital Outlay/Depreciation	8,588	43,646	52,234
Total Expenditures/Expenses	3,366,210	43,646	3,409,856
Program Revenue:			
Grant Revenue - Baltimore City	3,480,382	-	3,480,382
Other Income	3,005	-	3,005
Total Revenue	3,483,387	-	3,483,387
Excess (Deficit) of Revenue over Expenditures	117,177	(117,177)	-
Change in Net Assets	-	<u>\$ 73,531</u>	73,531
Fund Balance/Net Assets - Beginning of Year	(95,047)		118,761
Fund Balance/Net Assets - End of Year	<u>\$ 22,130</u>		<u>\$ 192,292</u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Baltimore City Parking Authority, Inc. (Authority) was created in 2000 by Baltimore City Ordinance 2000-71. The Authority's purpose is to assist Baltimore City (City) in the planning, development, management, and administration of its parking assets. The Authority does not own any parking facilities or other real property. The Authority's main source of revenue is a grant from the City rather than parking receipts. The grant is intended to fund all operating expenses of the Authority.

The Board of Directors of the Authority consists of five members, four of which are appointed by the Mayor of Baltimore City and confirmed by the City Council, and one who is a member of the City Council appointed by the City Council President.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's main source of revenue is a single grant from the City; therefore, all assets, liabilities, revenues, and expenses/expenditures are accounted for in a governmental fund.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain other obligations, are recorded only when payment is due.

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Amounts reported as program revenues primarily include the operating grant from the City.

The Authority follows Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (GASB 34) and GASB Statement No. 38, "Certain Financial Statement Note Disclosures" (GASB 38). GASB 34 requires that net assets be classified as restricted, unrestricted, or invested in capital assets and requires presentation of a Management's Discussion and Analysis section to introduce the basic financial statements. GASB 34 and GASB 38 require certain expanded footnote disclosures.

Budgetary Information

The annual budget of the Authority is subject to approval by the City's Board of Estimates. The budget serves as the basis for determining the grant from the City. Budgetary data is presented as required supplementary information for the general fund. The budget is adopted on a basis consistent with generally accepted accounting principles for the governmental fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent Events

The Authority has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 8, 2009, the date the financial statements were issued.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Authority maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

At June 30, 2009, the Authority's carrying value of cash and cash equivalents was \$340,421, and the bank balance was \$392,652. The difference between the carrying value and the bank balance is due to outstanding checks at June 30, 2009. Of the bank balance, \$250,000 was covered by Federal Depository Insurance (Risk Category 1), and the balance of \$142,652 was unsecured (Risk Category 3).

Bank deposits are categorized to give an indication of the level of risk assumed by the Authority for such deposits. Risk Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its agents in the name of the Authority. Risk Category 2 includes deposits collateralized with securities held by the pledging institutions' trust department or agent in the name of the Authority. Risk Category 3 includes deposits that are not collateralized. Category 1 deposits have the least risk to the Authority.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives, which range from 3 to 10 years, of the assets. It is the Authority's policy to capitalize property and equipment over \$500. Lesser amounts are expensed.

Compensated Absences

The Authority accrues a liability for compensated absences which consists primarily of accumulated vacation leave. The liability includes those amounts expected to be paid upon termination of employment or through paid leave time.

2. Capital Assets

Capital assets of the Authority are as follows:

	Beginning of Year	Additions	Retirements	End of Year
Capital Assets:				
Computer Equipment	\$ 326,756	\$ -	\$ 520	\$ 326,236
Office Equipment	58,181	9,401	2,777	64,805
Furniture and Fixtures	73,110	2,484	-	75,594
Leasehold Improvements	33,754	-	-	33,754
	<u>491,801</u>	<u>11,885</u>	<u>3,297</u>	<u>500,389</u>
Less: Accumulated Depreciation:				
Computer Equipment	184,340	43,538	511	227,367
Office Equipment	51,390	2,065	1,690	51,765
Furniture and Fixtures	18,460	7,373	-	25,833
Leasehold Improvements	23,803	1,459	-	25,262
	<u>277,993</u>	<u>54,435</u>	<u>2,201</u>	<u>330,227</u>
Net Capital Assets	<u>\$ 213,808</u>	<u>\$ (42,550)</u>	<u>\$ 1,096</u>	<u>\$ 170,162</u>

3. Commitments

The Authority leases office space from the City under a lease which expires in January 2011. The Authority leases office equipment under lease agreements which expire through April 2014. Rent expense recorded for the year ended June 30, 2009 was \$75,135.

Future minimum lease payments under operating leases are as follows:

Year Ending June 30,	2010	\$ 104,251
	2011	64,908
	2012	7,487
	2013	4,722
	2014	2,289

4. Explanation of Certain Differences Between Governmental Funds Financial Statements and GAAP Financial Statements

Statement of Net Assets and Governmental Fund Balance Sheet

The fund balance of the general fund differs from net assets reported in the Statement of Net Assets. The difference results primarily from the treatment of capital assets. When capital assets are used in governmental activities, the costs of the assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those assets among the assets of the Authority.

Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance

As noted above, outlays for capital assets to be used in governmental activities are reported as expenditures in the general fund; however, those expenditures are reported as assets, not expenses, in the Statement of Activities.

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenue:				
Grant - Baltimore City	\$ 3,154,000	\$ 3,474,000	\$ 3,480,382	\$ 6,382
Other	-	-	3,005	3,005
Total Revenue	<u>\$ 3,154,000</u>	<u>\$ 3,474,000</u>	<u>\$ 3,483,387</u>	<u>\$ 9,387</u>

Expenditures:				
Salaries and Benefits	\$ 1,832,000	\$ 1,892,000	\$ 1,802,503	\$ 89,497
Telephones/Utilities/ Internet	30,800	33,800	30,774	3,026
Vehicles/Travel	10,800	10,800	12,040	(1,240)
Business Machine Rental	5,000	5,000	24,065	(19,065)
Consultants	478,200	473,200	433,693	39,507
Legal	47,700	47,700	61,607	(13,907)
Printing and Copying	27,600	27,600	22,014	5,586
Bank and Armored Car Service Fees	386,100	699,800	582,252	117,548
Computer Maintenance	30,000	30,000	29,599	401
Other Services	141,800	138,800	161,551	(22,751)
Maintenance and Supplies	156,500	107,800	110,534	(2,734)
Equipment Acquisitions	47,000	47,000	8,588	38,412
Rent	87,100	87,100	75,135	11,965
Advertising	8,000	8,000	5,575	2,425
Dues/Subscriptions/ Training	5,000	5,000	2,983	2,017
Total Expenditures	<u>\$ 3,293,600</u>	<u>\$ 3,613,600</u>	3,362,913	<u>\$ 250,687</u>

Reconciliation of Budgetary Expenditures to Expenses Reported Under GAAP:

Depreciation Expense (Net of Disposals) Not Included in Budget	52,234
Capital Asset Acquisitions Included in Expenses	(8,588)
Capital Asset Disposals Not Included in Expenses	3,297

Total Expenses	<u>\$ 3,409,856</u>
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